

April 13, 2021

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Honourable Randy Weekes
Speaker
Legislative Assembly of Saskatchewan
119 Legislative Building
REGINA SK S4S 0B3

Dear Speaker Weekes:

Pursuant to Board of Internal Economy Directive #23: Caucus Accountability and Disclosure, I hereby submit the audited Financial Statements of the Saskatchewan NDP Caucus for the term audit: April 5, 2016 to October 25, 2020, as commissioned by the auditing firm of MWC Chartered Professional Accountants LLP.

I trust this audit meets the requirements as set out in the Directive.

Sincerely,

Sally Housser
Interim Chief of Staff

Attachment

cc: Cheryl Stecyk, Director of Administration & Human Resources, NDP Caucus

NEW DEMOCRATIC PARTY CAUCUS

Financial Statements

Fifty Five Month Term Ended October 25, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of New Democratic Party Caucus have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of New Democratic Party Caucus's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Caucus Committee is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Committee also considers, for review and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.



Director of Administration and Human
Resources



Member of Legislative Assembly

Regina, Saskatchewan
April 06, 2021



Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of New Democratic Party Caucus

Opinion

We have audited the financial statements of New Democratic Party Caucus (the Caucus), which comprise the statement of financial position as at October 25, 2020, and the statements of operations, changes in net assets and cash flows for the fifty five month term then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Caucus as at October 25, 2020, and the results of its operations and cash flows for the term then ended in accordance with Canadian accounting standards for not-for-profit organizations

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Caucus in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

We have also undertaken a reasonable assurance engagement on the Caucus' compliance with directives set out by the Board of Internal Economy and provided an opinion on the Caucus' internal control over financial reporting in accordance with Guidance on Control (CoCo Framework) published by the Chartered Professional Accountants of Canada under separate Auditor's Reports dated April 6, 2021.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Caucus's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Caucus or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Caucus's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Caucus's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Caucus's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Caucus to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MWCLLP

Chartered Professional Accountants

Regina, Saskatchewan
April 6, 2021

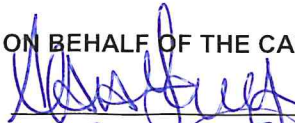
NEW DEMOCRATIC PARTY CAUCUS

Statement of Financial Position

October 25, 2020

	October 25 2020	April 4 2016
ASSETS		
CURRENT		
Cash	\$ 47,401	\$ 99,154
Accounts receivable (Note 3)	87,816	67,609
Prepaid expenses	2,673	-
	<u>137,890</u>	<u>166,763</u>
CAPITAL ASSETS (Note 4)	<u>3,850</u>	<u>-</u>
	<u>\$ 141,740</u>	<u>\$ 166,763</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accruals (Note 5)	\$ 5,617	\$ 89,648
Wages payable	158,343	175,007
	<u>163,960</u>	<u>264,655</u>
CAUCUS SURPLUS (DEFICIT) (Note 8)	<u>(22,220)</u>	<u>(97,892)</u>
	<u>\$ 141,740</u>	<u>\$ 166,763</u>

ON BEHALF OF THE CAUCUS



M.L.A.



M.L.A.

See notes to financial statements

NEW DEMOCRATIC PARTY CAUCUS

Statement of Operations

Fifty Five Month Term Ended October 25, 2020

	October 25 2020 (55 Months)	April 4 2016 (53 Months)
REVENUES		
Allowances and grants	\$ 4,090,957	\$ 3,378,645
Cost recoveries and other income	51,000	12,063
Information technology grant	10,000	9,000
	<u>4,151,957</u>	<u>3,399,708</u>
EXPENSES		
Wages and benefits	3,293,668	2,574,184
Professional fees and contractual services	283,730	382,811
Equipment maintenance and website service	111,775	108,897
Printing, postage and delivery	80,788	28,679
Advertising	76,082	179,208
Travel and accommodations	71,593	76,855
Telephone and communications	68,920	46,873
Meetings and receptions	59,069	56,373
Office	16,565	19,452
Amortization	8,052	18,985
Insurance	3,437	2,450
Bank charges and interest	2,606	2,719
	<u>4,076,285</u>	<u>3,497,486</u>
EXCESS OF REVENUES (EXPENSES)	\$ 75,672	\$ (97,778)

Statement of Changes in Net Assets

Fifty Five Month Term Ended October 25, 2020

	October 25 2020	April 4 2016
SURPLUS (DEFICIT) - BEGINNING OF TERM	\$ (97,892)	\$ (114)
EXCESS OF REVENUES (EXPENSES)	75,672	(97,778)
SURPLUS (DEFICIT) - END OF TERM	\$ (22,220)	\$ (97,892)

See notes to financial statements

NEW DEMOCRATIC PARTY CAUCUS

Statement of Cash Flows

Fifty Five Month Term Ended October 25, 2020

	<i>October 25</i> 2020 <i>(55 Months)</i>	<i>April 4</i> 2016 <i>(53 Months)</i>
OPERATING ACTIVITIES		
Excess of revenues (expenses)	\$ 75,672	\$ (97,778)
Item not affecting cash:		
Amortization of capital assets	8,052	18,985
	<u>83,724</u>	<u>(78,793)</u>
Changes in non-cash working capital:		
Accounts receivable	(20,207)	38,209
Prepaid expenses	(2,670)	230
Accounts payable	(84,033)	79,123
Wages payable	(16,664)	(3,150)
	<u>(123,574)</u>	<u>114,412</u>
Cash flow from (used by) operating activities	<u>(39,850)</u>	<u>35,619</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(11,903)</u>	<u>(13,875)</u>
INCREASE (DECREASE) IN CASH FLOW	(51,753)	21,744
CASH - BEGINNING OF TERM	<u>99,154</u>	<u>77,410</u>
CASH - END OF TERM	<u>\$ 47,401</u>	<u>\$ 99,154</u>

See notes to financial statements

NEW DEMOCRATIC PARTY CAUCUS

Notes to Financial Statements

Fifty Five Month Term Ended October 25, 2020

1. PURPOSE OF THE CAUCUS

The New Democratic Party Caucus (the "Caucus") is organized under section 50(1)(b) of the Legislative Assembly and Executive Council Act. The Caucus provides research, secretarial and general services for the New Democratic Party of Saskatchewan Members of the Legislative Assembly.

The Caucus receives funding from the Legislative Assembly pursuant to various directives adopted by the Legislative Assembly's Board of Internal Economy.

The Caucus annual fiscal year end is March 31 which coincides with the fiscal year end of the provincial government.

In the event of a provincial election, the Caucus is dissolved the day before polling day and a new Caucus begins the day after. These financial statements report on the term which commenced April 5, 2016 and ended October 25, 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets including cash and accounts receivable are reported at amortized cost.

Financial liabilities including accounts payable and accrued liabilities are measured at amortized cost.

Revenue recognition

Allowances and grants are recognized on a monthly basis per the directives of the Board of Internal Economy. Interest and other income is recognized in the period earned and cost recoveries are recognized in the period the cost is incurred if the amount can be estimated and collection is reasonably assured.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Equipment	5 years
Computer equipment	3 years

NEW DEMOCRATIC PARTY CAUCUS

Notes to Financial Statements

Fifty Five Month Term Ended October 25, 2020

3. ACCOUNTS RECEIVABLE

Accounts receivable includes the October 2020 funding payment which was received in November of 2020.

4. CAPITAL ASSETS

	Cost	Accumulated amortization	October 25 2020 Net book value	April 4 2016 Net book value
Equipment	\$ 2,656	\$ 1,008	\$ 1,648	\$ -
Computer equipment	9,247	7,045	2,202	-
	<u>\$ 11,903</u>	<u>\$ 8,053</u>	<u>\$ 3,850</u>	<u>\$ -</u>

5. ACCOUNTS PAYABLE AND ACCRUALS

In accordance with the Board of Internal Economy Directive #23 - Caucus Accountability and Disclosure, at the end of the term, accounts payable and accrued liabilities include:

	October 25 2020	April 4 2016
Advertising	\$ -	\$ 59,653
Bank charges and interest	10	-
Equipment maintenance and website service	132	2,260
Group life benefit plan	-	937
Printing, postage and delivery	-	268
Professional fees and contractual services	5,000	25,452
Telephone and communications	475	806
Travel and accommodations	-	272
	<u>\$ 5,617</u>	<u>\$ 89,648</u>

6. LINE OF CREDIT

The Caucus has a line of credit of \$ 20,000 available of which no amount has been drawn upon at the end of the term. The line of credit is secured under a general security agreement and bears interest at 2.450%.

NEW DEMOCRATIC PARTY CAUCUS

Notes to Financial Statements

Fifty Five Month Term Ended October 25, 2020

7. FINANCIAL INSTRUMENTS

The Caucus is exposed to various risks through its financial instruments and management is responsible to monitor, evaluate and manage these risks. The following analysis provides information about the Caucus's risk exposure and concentration as of October 25, 2020.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. As the majority of the Caucus' income is from grants, the Caucus is not exposed to significant credit risk. Any exposure to unrecoverable cost recoveries is nominal as no cost outlay is made until the arrangement is in place.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Caucus' significant exposure to liquidity risk is related to accumulated employee payables that are not funded by Legislative Assembly. As at term end the balance is \$57,179 (April 4, 2016 - \$43,053) which is included in wages payable.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Caucus does not have significant exposure to interest rate risk.

8. CAUCUS SURPLUS

Board of Internal Economy Directive #23 - Caucus Accountability and Disclosure provides that within six months of polling day, surplus Caucus funds, if any, after payment of outstanding accounts shall revert to the Crown if the Caucus ceases to exist as a result of the provincial election.



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INDEPENDENT AUDITOR'S REPORT

To the Members of New Democratic Party Caucus

We have audited the effectiveness of New Democratic Party Caucus internal control over financial reporting as at October 25, 2020.

Management's Responsibility

The entity's management is responsible for maintaining effective internal control over financial reporting.

Auditor's Responsibility

Our responsibility is to express an opinion based on our audit, on whether the entity's internal control over financial reporting was effectively maintained in accordance with criteria established in "Guidance on Control" (CoCo Framework) published by the Chartered Professional Accountants of Canada.

We conducted our audit in accordance with the standards for audits of internal control over financial reporting set out in the CPA Handbook - Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Independent Auditor's Report to the Members of New Democratic Party Caucus (continued)

Opinion

In our opinion, the entity maintained, in all material respects, effective internal control over financial reporting as at October 25, 2020, in accordance with criteria established in "Guidance on Control" (CoCo Framework) published by the Chartered Professional Accountants of Canada.

We have also audited, in accordance with Canadian generally accepted auditing standards, the statement of financial position as at October 25, 2020 and the statements of operations, changes in net assets and cash flows for the term of April 5, 2016 to October 25, 2020, and a summary of significant accounting policies and other explanatory information of New Democratic Party Caucus and issued our report dated April 6, 2021.

MWC LLP

Chartered Professional Accountants

Regina, Saskatchewan
April 6, 2021



Chartered Professional
Accountants LLP

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

To the Members of New Democratic Party Caucus for submission to the Board of Internal Economy

We have undertaken a reasonable assurance engagement of New Democratic Party Caucus compliance during the term April 5, 2016 to October 25, 2020, with 1) Directive #7.2 Caucus Resources, 2) Directive #7.3 Caucus Information Technology Resources, 3) Directive #11 Grant to Office of the Leader of the Opposition and 4) Directive #23 Caucus Accountability and Disclosure ("the specified requirements") established by the Board of Internal Economy.

Management's Responsibility

Management is responsible for New Democratic Party Caucus compliance with the specified requirements of the Board. Management is also responsible for such internal control as management determines necessary to enable New Democratic Party Caucus compliance with the specified requirements.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on New Democratic Party Caucus based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, *Direct Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance, but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgement, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Our Independence and Quality Control

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Independent Auditor's Report to the Members of New Democratic Party Caucus (*continued*)

Opinion

In our opinion, New Democratic Party Caucus complied with the specified requirements established by the Board of Internal Economy during the period April 5, 2016 to October 25, 2020, in all significant respects.

We do not provide a legal opinion on New Democratic Party Caucus compliance with the specified requirements.

MWC LLP

Chartered Professional Accountants

Regina, Saskatchewan
April 6, 2021